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SUBJECT: BASRAH DEVELOPMENT FORUM HIGHLIGHTS POLITICAL CONSENSUS FOR RECONSTRUCTION AND SECURITY

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¶1. (U) SUMMARY: The "Third Basrah Development Forum" on December 12 was a resounding success. PM Maliki's presence on the dais next to Basrah Governor Wa'eli was a public announcement that the central and provincial governments are working together to solve Basrah Province's security and development problems. This was Maliki's first public appearance in Basrah, and the attendance of many ministers gave weight to his promise of 700 billion ID for Basrah reconstruction. Basrawis applauded Governor Wa'eli's reference to political reconciliation. Attendees expressed to REO officers hope for a new spirit of cooperation with the central government and a focus on addressing corruption and security to move Basrah into an economic renaissance. The BDF has helped to set the stage for a smooth transition to Provincial Iraqi Control on December 16 and fair provincial elections down the road. END SUMMARY.

BACKGROUND

¶2. (SBU) The Third Basrah Development Forum on December 12 inside Basrah's International Airport (BIA) brought together most of Basrah's political, cultural and economic actors with central government officials. Earlier development fora were useful for public discussion of Basrah's development needs but were set in an atmosphere of distrust between Governor Mohammed Wa'eli (Fadhila) and the Provincial Council (PC). PM Maliki cancelled at the last minute what would have been the second development forum in July in a dispute over Governor Wa'eli attendance.

ATTENDEES

¶3. (U) From the central government, Prime Minister Maliki, Deputy Prime Minister Barham Saleh, and the ministers of Finance, Defense, Municipalities and Public Works, Housing and Construction, Environment and Health flew in from Baghdad for the day. Governor Wa'eli was joined by a majority of the PC. From among the over 250 attendees were prominent business leaders, academics from the University of Basrah and religious leaders such as the Catholic bishop of Basrah. All local women wore headscarves. UN SRSG Ambassador Steffan Di Mistura was joined by ambassadors from Australia, the UK, Japan and Italy, as well as Ambassador Charles Ries from the Embassy. LTG Rollo led the MNF-I contingent that included MG Bergner, MG Scott and RDML Driscoll.

ATMOSPHERICS AND MECHANICS

¶4. (SBU) PM Maliki and Governor Wa'eli appeared cool toward each other at first but were chatting amiably by the end. All speakers gave a generally positive view of security accomplishments, while admitting the need for further progress, and Basrah's great economic potential. Some in the audience,

including PC members, asked tough questions about the lack of real impact for reconstruction projects so far. PM Maliki expressed interest in a proposal to allocate one dollar from every barrel of Basrah oil produced to provincial development.

PRIME MINISTER MALIKI

¶15. (U) According to REO contacts, this was PM Maliki's first public appearance in Basrah. (He reportedly visited once before in March 2006.) He stressed that Basrah was the heart of Iraq and needed to develop in order for the rest of the country to prosper. He labeled 2007 as the year for security in Basrah and 2008 as the year for development. He proclaimed the door to Basrah open for foreign investment and announced the allocation of 700 billion Iraqi Dinars (ID) for reconstruction in Basrah.

He cautioned that there were still people exerting bad influence in Basrah, including "external forces," that create problems for women and religious minorities, including Christians. The PM emphasized several times the need to root out the corruption interfering with delivery of basic services to Basrawis.

Deputy PM Barham Saleh

¶16. (U) DPM Saleh organized this forum along the lines of recent development fora. In his speech he committed to carry over ID 200 billion in unspent budget funds into 2008; add to Basrah's over ID 400 billion 2008 allocation, bringing the total available funds to ID 700 billion, (approximately \$583 million).

The DPM also said Basrah would benefit from \$50 million in micro-credit programs. A centerpiece was the announcement of a new Basrah development fund for which \$30 million in central government funds would be the first endowment. (Note: The Basrah PRT is working to establish the fund. End note.)

Governor Wa'eli

¶17. (U) Governor Wa'eli echoed PM Maliki's theme that 2007 was

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the "year of building security" while 2008 would be the "year of development" (suggesting they had coordinated their messages). Wa'eli used a long PowerPoint presentation to announce several new projects, including a major bridge across the Shatt-al-Arab waterway, and reinforce statements made by the national speakers on large future projects in Basrah such as the Grand Port in Al-Faw and further development of the airport. One important grassroots initiative was the allocation of \$30 million for development of the impoverished eastern marshes. Governor Wa'eli received the first applause of the day when he stated that political reconciliation in Basrah had moved forward and received more applause when he promised that Basrah was on the road to disarming the militias.

UNITED NATIONS, USG AND JAPAN

¶18. (U) UN SRSG Steffan de Mistura made the first speech by a UN official in Basrah since 2003. While he did not refer to the UN returning to Basrah Province, he stated that 2008 was to be the "Year of the Compact" and that European Union funding would be used for capacity building. Ambassador Charles Ries detailed the USG's substantial contributions to Basrah, and Japanese Ambassador Kenjiro Monji announced that \$1.2 billion of the \$3.5 billion in GOJ assistance to Iraq would go to Basrah.

WHO DID NOT COME - THE SADRISTS

¶19. (SBU) Leaders connected with Jaysh al-Mahdi and the Office of Muqtada al-Sadr were invited but did not attend. REO contacts did not find their absence alarming, noting that many Sadrist were at the Haj and that there was too much public Coalition participation in the event for OMS/JAM leaders to attend.

REACTION IN BASRAH

¶10. (SBU) Response by Basrawi leaders after the event has been

universally positive. PC members who have frequently clashed with Wa'eli told us afterwards that the event was a success, providing leaders follow through on the pledges made during the conference. Sayid al-Shuhada (SAS) Secretary General Sayid Dagher al-Musawi (Septel), a longtime political opponent of Wa'eli, called the event "very positive" while Catholic Bishop Imad Al-Banna told us he appreciated the PM's public reference to the problems of Christians in Basrah. In a December 13 REO meeting Governor Wa'eli said that he had now established a personal relationship with PM Maliki that boded well for the future.

¶11. (SBU) Virtually all of our Basrawi contacts, although critical of the PM's performance in the past, saw great promise in Maliki's attendance and public promise of support for Basrah.

The PC members who talked to the REO deputy director after the event admitted that the forum placed a new responsibility on the council to work constructively for Basrah's development. Several contacts also considered the public reconciliation aspect of the event as another step towards free and fair provincial elections.

COMMENT - THE SETTING FOR PIC AND ELECTIONS

¶12. (SBU) The forum has generated remarkable expressions of hope, reconciliation and determination to cooperate in order to usher in an era of security and prosperity for Basrah Province. The forum occurred on the heels of the concerted effort to bring in all political actors, including JAM/OMS, together for the negotiation and signing of the Honor Document. Together the BDF and the Honor Document have created a positive environment for the PIC ceremony and a new spirit of cooperation among police, governate, militias and the PC.

¶13. (SBU) While we still expect some PC members to continue demanding a bigger piece of the development pie, they will have to get in line with the spirit of cooperation. All actors seem invigorated by the hope for free and fair provincial elections, as soon as possible. Iraqi speakers were a bit short in acknowledging contributions by the USG and others such as Japan; the PRT and REO should reach out more to local government officials to detail USG-funded reconstruction projects. Governor Wa'eli discussed with REO holding an investment forum in the near future, perhaps to attract oil and gas companies.

SIGNATURE